ADDRESSING UNEMPLOYMENT CHALLENGES AMONG YOUNG GRADUATES IN SOUTH AFRICA: THE ROLE OF ENTREPRENERSHIP EDUCATION

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ABSTRACT

The problem of poverty alleviation and unemployment remain the primary concerns of the government of the African National Congress (ANC) since 1994. This article aims to profile some official government initiatives to tackling unemployment among young black graduates. It also highlights the role of higher learning institutions in the process. The article also discusses the fact that universities have not done enough towards the implementation of government policies on job creation. The article posits a strategic framework for effective and efficient programmes on job creation among young graduates especially those from the previously disadvantaged black communities. The article explains the concept of entrepreneurship, characteristics of entrepreneurs, and the development of the discipline during the last decades. It also provides a peer-learning opportunity of the role of entrepreneurship in job creation in the United States of America (USA). An entrepreneurial-driven strategic framework for an effective and efficient job creation which may address unemployment challenges in South Africa is suggested as a way forward.

INTRODUCTION

Injustices, prejudices and other developments in the history of a group may disrupt their social cohesion leading to a vicious circle of poverty trap. In South Africa, for many
decades, black people experienced an oppressive white minority regime that implemented segregationist policies. In 1994, a first black president Mr. Nelson Mandela of the African National Congress (ANC) was elected and there were high hopes that the new dispensation would create a better South Africa for all. Government of the ANC adopted many economic programmes with the aim to halve poverty and unemployment by 2014 – especially among the previously disadvantaged individuals (PDI). The Reconstruction and Development Programme (RDP) as a policy framework to transforming South Africa from a divided society to physical and structural reconstruction and development of the previously disadvantaged communities. The main principles of the RDP were to meet the people’s basic needs; to develop the country’s human resources; to build the economy; and to democratize state institutions and society.

Similarly, in 1996, the ANC government adopted a plan known as the Growth, Employment and Redistribution (GEAR) a macroeconomic strategy for rebuilding and restructuring the economy in line with the main principles of the RDP. Where the RDP had promised basic services for all, GEAR promised public-private sector partnerships based on cost recovery. It is estimated that almost a million jobs were lost to GEAR and South Africa’s unemployment rate is now estimated at almost 50 per cent among young people. Other two initiatives, Black Economic Empowerment (BEE) and thereafter Broad Based Black Economic Empowerment (BBBEE), designed to correct the imbalances of the past by targeting those who are entering the job market for the first time, were launched. On 6 February 2006, during a media briefing, Deputy President Phumzile Mlambo-Ngcuka announced a background document, a catalyst for Accelerated and Shared Growth Initiative-South Africa (ASGISA), with the objective of supporting previous programmes in the effort to halve poverty and unemployment by 2014.

**UNDERSTANDING ENTREPRENEURSHIP**

The word entrepreneurship is derived from the French *entreprendre*, meaning to undertake, to pursue opportunities, to fulfil needs and wants through innovation; this may include starting businesses inside or outside an established organisation. The dictionary
definition of entrepreneur is one who undertakes to organise, manage, and assume the risks of a business enterprise. Thus, the entrepreneur is someone who undertakes to accomplish, to make things happen, and does so. As a consequence, the entrepreneur disturbs the status quo and may thus be regarded as a change agent. In such a capacity, he or she does not just work for him or herself in a small firm but may be employed in a large organisation (Kirby 2004:44).

In simpler terms, (Antonites 2003:33) defines an entrepreneur as an individual with the potential to create a vision from virtually nothing. Timmons (1994: 7) regards the process of entrepreneurship as: creating and building something of value from practically nothing; a human creative act. It involves finding personal energy by initiating and building an enterprise or organization, rather than by just watching, analyzing, or describing one. It requires vision and passion, commitment, and motivation to transmit this vision to other stakeholders.

Broadly, entrepreneurship requires a willingness to take calculated risks, both personal (time, intellectual) and financial, and then doing everything possible to fulfil ones’ goals and objectives. It also involves building a team of people with complementary needed skills and talents; sensing and grasping an opportunity where others see failure, chaos, contradiction, and confusion; and gathering and controlling resources to pursue the opportunity, making sure that the venture does not run out of finance when it needs most.

At any time, the entrepreneur needs certain resources to start a business venture, or to realize a business opportunity, either outside or inside the business, which may be financial or human resources.

According to Drucker (1985: 143), ‘most of what you hear about entrepreneurship is all-wrong. It is magic; it is not mysterious; and has nothing to do with genes. It is a discipline and, like any discipline, it can be learned.’ Basu (2004:28) suggests that entrepreneurs often had aspirations different to those of common people. Other personal characteristics that supposedly differentiate entrepreneurship from business owner manager include initiative, a willingness to take risks, self-confidence, perseverance, resourcefulness, independence, persuasiveness, tolerance for uncertainty and ambiguity (i.e.seeing ambiguous situations as challenges rather than as problems), imagination, high need for achievement, and a strong belief in being in control of one’s own destiny (Ibrahim &

From the definitions outlined above it is clear that entrepreneurship holds the promise of future growth, expansion and long-term financial gain; that is why sometimes a small business that focuses merely on the survival of its owner cannot be seen as an entrepreneurial venture. (Van Aardt et al. 2002:10). For the purpose of this paper, even small businesses are considered to be entrepreneurs.

THE STATE OF ENTREPRENEURSHIP EDUCATION

For many years, numerous entrepreneurship programmes have been introduced in many parts of the world. Often such programmes equate entrepreneurship with new venture creation or/and small business management education “about” entrepreneurship and enterprise rather than educating “for” entrepreneurship. Only rarely, the focus is on developing skills, attributes and behaviour of the successful entrepreneur. (Kirby 2002:16). According to Interman (1991:12), there are three types of entrepreneurship programme, namely:

- Entrepreneurship orientation and awareness programmes which focus on general information about entrepreneurship and encourage participants to think in terms of entrepreneurship as a career.
- New enterprise creation programmes designed to develop competences, which lead to self-employment, economic self-sufficiency or employment generation and
- Programmes with a focus on small business survival and growth.

The emphasis in these programmes is on learning about entrepreneurship and how to manage a small business. However, entrepreneurship is about possessing or acquiring a particular set of attributes, skills and behaviours. Students who pass through the above mentioned programmes, learns about the entrepreneurial process, opportunity recognition, entry strategies, market opportunities and marketing, creating a successful business plan, financial projections, venture capital, debt and other forms of financing,
external assistance for startups and small business, legal and tax issues, intellectual property, franchising, harvesting, entrepreneurship economics. These concepts and principles are important for business students to understand, especially if they are faced with challenges of creating their own enterprises. Awareness of entrepreneurship principles may not, per se, equip the student to meet the challenges of the entrepreneurial business climate of this era. Learning about entrepreneurship could be very interesting, but it does not to large extent motivate students to actually become entrepreneurs. They end up knowing much about entrepreneurship, but cannot act upon an opportunity. Similarly, learning how to write a business plan could of course be very invaluable to a student who may eventually be involved in some start-up entrepreneurial concerns. But knowledge may not be enough to encourage students to act. This could be argued to be the missing link in the entrepreneurship education. And to efficiently and effectively address the shortage of entrepreneurs, and contribute in supporting government policies on job creation in South Africa, tertiary institutions must provide a framework for a new curriculum planning and development that would instill some entrepreneurial skills in undergraduate learning process within the tertiary educational system.

THE NEED FOR ENTREPRENEURSHIP EDUCATION

It is important to focus on youth unemployment among South Africa graduates from an entrepreneurial perspective. A key rationale for supporting the development of young entrepreneur’s is its potential to generate output, employment and income (MacIsaac 1996:16). Many view entrepreneurship as central to innovation, economic growth and job creation. Therefore, if the creation of small and medium enterprises (SMEs) contributes substantially to job creation and income generation, and provides employment opportunities for an increasing number of graduates, from an efficiency perspective to explore the introduction of entrepreneurship as a means of empowering South African graduates. Another rationale for targeting young graduate entrepreneurs in South Africa is welfare improvement. Poverty alleviation policies that target the youth are seen as the key to the future well-being of the nation. Through entrepreneurship the youth can earn their livelihood, support themselves and their families with the income they generate.
from their entrepreneurial activities, thus reducing poverty levels. The need to support youth entrepreneurship is to contribute to their social and economic empowerment. Various researchers such as Kantor (2001:26) support this rationale with the belief that self-employment and entrepreneurship increase the self esteem and confidence of the youth, leading to greater control over their lives in social and economic spheres.

**CREATING JOBS THROUGH ENTREPRENEURSHIP EDUCATION**

**The USA experience**

The history of entrepreneurship in the United States is an example that calls for a careful examination. Over twenty five years ago, David Birch, a researcher at the Massachusetts Institute of Technology (MIT) began to report his findings in his seminar book *The Job Creation Process* (1979). Birch surprised all politicians, researchers and the business world at large when his research showed that the new and growing smaller firms created 81.5 per cent of the net new jobs in America in the 1969 to 1976 period. From 1993 to 1996, eight million jobs were created in the US – and of these 77 per cent were by small enterprises. The overall contribution of small and medium size companies is shown in the change of American patterns of employment. During the late 1960s, one out of four persons went to work for a Fortune 500 company. In 1980s, the Fortune 500 employed one in five of the workforce. However, by the late 1990s, that number was just one in fourteen. (Timmons 1999: 7-8) This history of the explosion of job creation by small and medium enterprises is directly linked to important initiatives taken to promote entrepreneurship in the US. Creating jobs and fighting unemployment was a direct result of the promotion of centres and institutions in entrepreneurship – and ultimately the training of entrepreneurs. These entrepreneurs were trained to take calculated risks by launching their own businesses.
Lessons for South Africa

To successfully address unemployment across youth graduates, certain things need to be developed regarding the training of potential entrepreneurs through tertiary institutions. Entrepreneurship education is a common course of study in higher education settings. A wide variety of curricular approaches exist, though many common elements are found across institutions and settings. These texts and programs must be structured to introduce the concept of entrepreneurship and provide hands-on experience and working models for students to develop skills as entrepreneurs. The principles of entrepreneurship must be considered valuable for students at all levels. In response to the rapidly changing national landscape, not only of high unemployment but more generally of economic growth and job creation, entrepreneurship is being increasingly emphasized as a critical resource. (Kourilsky, 1996: 2)

Similarly, Timmons and Spinelli (2007:18) recognises that there is no substitute for starting a business, but it is possible to expose students in all fields to many of the vital issues and immerse them in key learning experiences through cases studies of successful entrepreneurs. Concerning this point on students’ capacity building in entrepreneurship, a multi-sectoriel policy, going from higher education institutions to centres of training, is needed. For a long period of time, many graduates in all fields of study were not trained in entrepreneurship. However, many universities are engaged in various programmes dealing to fill this gap on training of potential entrepreneurs. The courses include entrepreneurship and small business management, innovation and creativity, opportunity recognition and business plans. These courses are aimed in developing and unleashing graduates’ expertise in entrepreneurship. As it has been mentioned earlier in the case of US, the proliferation of entrepreneurs was associated with the emergence of centres and higher education institutions specialised in entrepreneurship.

In universities, courses in entrepreneurship must be implemented at all levels and in all fields. The course “entrepreneurship” focusing on the management of creativity and innovation develops the nature of creativity and innovation, and how
entrepreneurship involves the ability to identify market opportunity based on new ideas. The course may assist the student to recognise any opportunity within an environment. However, the course on Entrepreneurship and New Venture Creation are intended to build personal appreciation for the challenges and rewards of entrepreneurship; and to foster continued development of venture ideas, suitable as career entry options or for investments. (Löwegren 2006:26) A social sciences or engineering student needs the same entrepreneurial skills that the business student; the same with the medical student. A business plan is needed to open a clinic or a law firm. An opportunity recognition is not there for only business students, but to all those who are willing to embark in any entrepreneurial activities.

Henry, Hill and Leitch (2003:12) point out that entrepreneurship training can complement the early stage awareness-raising function of entrepreneurship education, as it provides the more practical skills that entrepreneurs require when they are ready to set up their business. Ladzani and Van Vuuren (2002:156) state that organisations wishing to develop entrepreneurship education presuppose that the lack of training of entrepreneurs is the main reason for venture failure. In the same line, Pretorius, Nieman and Van Vuuren (2005: 424) add that the transfer of the requisite knowledge and skills is the easiest part of training and is incorporated in most training programmes on entrepreneurship. However, the behaviour to engage in the start-up process is what really matters are lacking in most entrepreneurship programmes. South African tertiary institutions may draft a comprehensive programme in entrepreneurship with an aim to closing the missing links being experience in the entrepreneurship education and development.

RECOMMENDED FRAMEWORK FOR ENTREPRENEURSHIP EDUCATION

This article has established that successful entrepreneurs have a set of personal skills, attributes and behaviour that go beyond commercial interests. These attributes need to be developed in students if their entrepreneurial capabilities are equipped to meeting the challenges of the entrepreneurial climate of the 21st century. Therefore, there is a need to change both the content of courses and the process of learning on entrepreneurship education.
Skills development

According to Rae (1997: 199) “while students still need to develop their business skills and understanding, more attention needs to be paid to the development of their entrepreneurial skills, attributes and behaviours, introducing modules and courses specifically designed to develop the awareness and characteristics of the entrepreneur”; these include, amongst others communication skills, especially persuasion; creativity skills; critical thinking and assessment skills; leadership skills; negotiation skills; problem-solving skills; social networking skills and time management skills.

Alternative understanding methods

Similarly, to further explain the process of learning, human anatomical proof may become invaluable. Creating a new method of understanding, a neuropsychological perspective may be necessary. According to Ornstein (1975:68). The brain is divided into two hemispheres. The left side handles language, logic and symbols. It processes information in a step-by-step fashion. Left-brain thinking is narrowly focused and systematic, proceeding in a highly logical fashion from one point to the next. The right side takes care of the body’s emotional, intuitive and spatial functions. It processes information intuitively, relying heavily on images. Right-brained thinking is lateral, unconventional, unsystematic and unstructured. It is this right brained lateral thinking that is at the heart of the creative process.

Development of entrepreneurial behaviour

Lewis (1987: 41) points out that: “In traditional classes, students are expected to acquire knowledge one step at a time, adding methodically to their storehouse of facts until they have sufficient to pass an examination. This demands left-brain skills. The problems students are given to solve more often in traditional classes demand an analytical than an intuitive approach. This, too…is a task for the left hemisphere. Written work, by which ability is chiefly evaluated, must be organised, well argued and logically structured…all
left-brain skills. The students considered most intelligent and successful are those who strive after academic goals, can control their emotions in class, follow instructions, do not ask awkward questions, are punctual and hand in class assignments on time. Goal-setting, emotional restraint, time-keeping and matching their behaviour to other people’s expectations are all left-brain skills. Children are meant to learn by listening, keeping notes and reading books. All these, too, of course, are tasks in which the left hemisphere specialises”.

Gibb (1987:38) argues that to develop entrepreneurs or more enterprising individuals, the focus of the education system in entrepreneurship needs to be shifted away from the traditional to what he terms “the Entrepreneurial”. Thus, the challenge is to develop a system of learning (and assessment) that complements the traditional and develops in its students the skills, attributes and behaviours characteristic of the enterprising or entrepreneurial individual. Olsen and Bosserman (1984: 53) suggest that “individuals will exhibit entrepreneurial behaviour when they possess a combination of three attributes”, namely:

• Role orientation - emphasising effectiveness.
• Abilities - to think both intuitively and rationally.
• Motivation - the driving force behind action.

To achieve these, it seems necessary to adopt an approach to learning that gives students ownership of their learning, including negotiating with their tutor their own learning objectives, the resources, activities and processes required to meet these objectives and, importantly, the way in which it will be determined whether these objectives have been met (to stimulate motivation, reduce dependency and provide experience of role orientation).

• Involves students in problem-solving in real-world situations, possibly in teams (to develop both intuitive and rational thinking, to recognise the multi-faceted nature of problem and solution and to encourage communication and co-operation).
• Encourages students to formulate decisions on data, which are immediate, incomplete, “dubious” and, as appropriate, personally generated (to stimulate effectiveness and the ability to cope with uncertainty).
• Provides students with role models who are involved in both the learning and assessment processes to demonstrate role orientation, ability and motivation.

**Intuitive and rationale education approach**

From the perspective of the education system is the ability to think both intuitively and rationally; to develop what may be termed the “balanced brain”. As developed already, most education systems tend to adopt left-brain approaches to learning. The emphasis has been on developing critical or vertical thinking. This is a function of the left-brain; it is objective, analytical and logical and results in one or, at most, only a few answers. In contrast, creative thinking is lateral, imaginative and emotional resulting, through association, in more than one solution (de Bono 1970:60).

Entrepreneurship must be taught through action that supports four cornerstones of entrepreneurship: an ability to impact one’s personal environment, a high degree of self-confidence, an ability to create support networks, and an ability to create a linkage from vision to action. These cornerstones imply that an education in entrepreneurship has to be action oriented. The students have to engage in real life situations, establish relationships, and turn theory into practice.

**Creativity and Innovation**

Idea generation is important and can be taught. Most entrepreneurship education disregards the idea generation process. The same may be seen in many South African curriculums on entrepreneurship education. In order to recognise opportunities, however, ideas and creativity ought to be crucial for the entrepreneur. According to Antonites and van Vuuren (2004:16) and Antonites (2003:12), creativity, innovation and opportunity finding (CIO) are the three variables that distinguish an entrepreneur from a small businessperson. However, students need a theoretical base to build the actions upon. Fiet (2000a, 2000b) asserts that theoretical knowledge increased the possibility for students to make proper decisions when they encounter different situations. In addition, it is important that students not only acted, but also reflected about their actions to learn
something from them. Therefore, theory and reflection are important ingredients in the entrepreneurship curriculum. In order to enhance the reflection-part, “Learning logs” (Barclay 1996:10) and “learning seminars” need to be introduced as part of the curricula, and the cover the entire entrepreneurship process, from idea generation to complete plan for initializing a project is requisite. Entrepreneurship educations should enhance both action and reflection, and to a group of students from different faculties and backgrounds.

**Business incubation**

Another element needed for an effective and efficient contribution from universities in the effort to tackle youth unemployment is the development of business incubators within universities with the aim of linking theoretical training to practical exposure. In short, a business incubator is a facility designed to assist businesses to become established and sustainable during their start up phase. Typically, this is done by providing: premises, business advice and business services, access to potential clients/suppliers database, as well as mentoring and other services intended to establish the new venture. Critical to the incubator is the provision of management guidance, technical assistance and consulting tailored to young growing companies. These incubators must also provide to potential youth entrepreneurs information on appropriate space and flexible leases existing in the market, shared basic business services and equipment, technology support services and assistance in obtaining the financing necessary for company sustainable growth. The roles of these incubators are to assist potential entrepreneurs to transform their ideas into reality by developing initial action and business plans towards venturing into the future. Its ability to develop strategies and mechanisms that will be used to go through the challenges that the business may encounter and provide possible alternatives as a way forward may be one outstanding milestone for an entrepreneur to break-even in business.

**CONCLUSION**

Society is the social and physical context in which people establish or acquire businesses. In any society, entrepreneurship is important for any society to generate economic growth for social-economic welfare of the population in general, and graduates in particular. In
this regard, it is important to note that entrepreneurship is at the heart of economic advantage. In a South Africa’s divided society, where increasing young graduates are unemployed and facing the possibility of many years of joblessness, entrepreneurship is of paramount importance.

Many South African universities have embarked on programmes in entrepreneurship and one can already study for a Bachelor’s, Master and Doctorate’s degree in Entrepreneurship. This is a first step in introducing entrepreneurship into the curricula of South African universities. However, these programmes are only for management sciences students. They must be expanded to include a far wider range of disciplines (Engineering, social and medical sciences students). However, this article note that the training of entrepreneurs in the classroom is about the development of an enterprising environment and approaches to learning in which entrepreneurial aptitudes and capabilities can flourish, alongside business acumen and understanding. Therefore, there is a need to change the entrepreneurship curriculum and process of learning.

Associated with these theoretical programmes, there is also a need to have business incubators established within universities; this will enable students to experiment with their projects and give them the necessary skills to embark on new ventures. By doing so, tertiary institutions could play some prominent roles in job creation and poverty alleviation in the new all-inclusive non-racial South Africa.

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